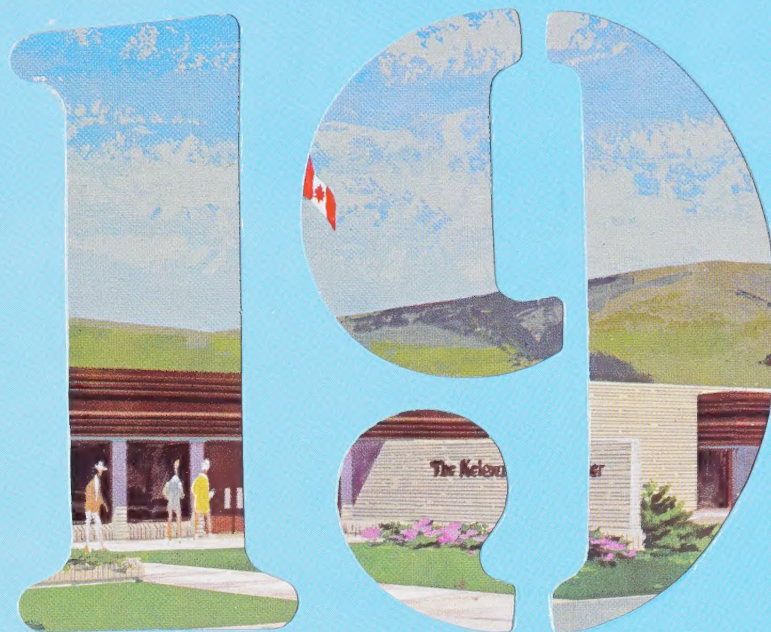
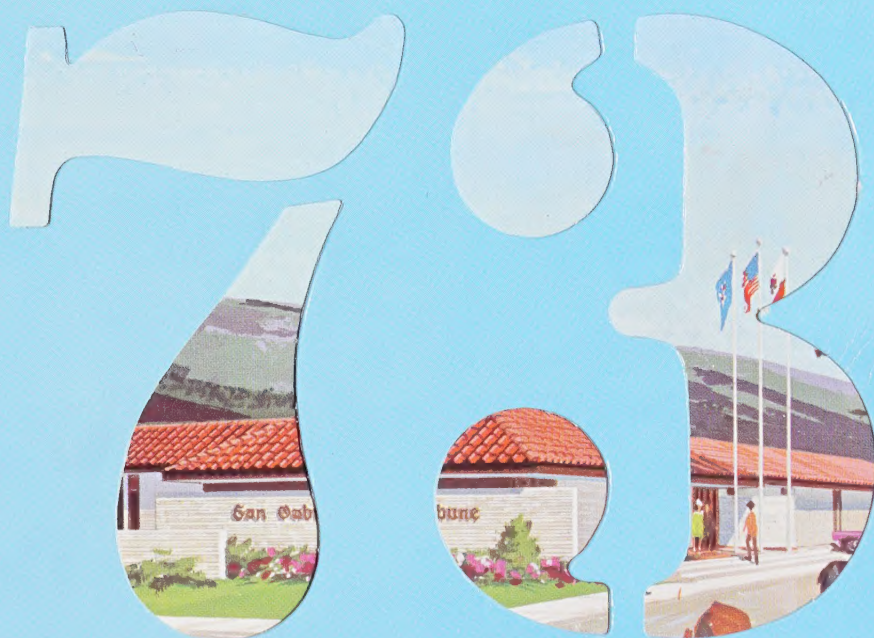
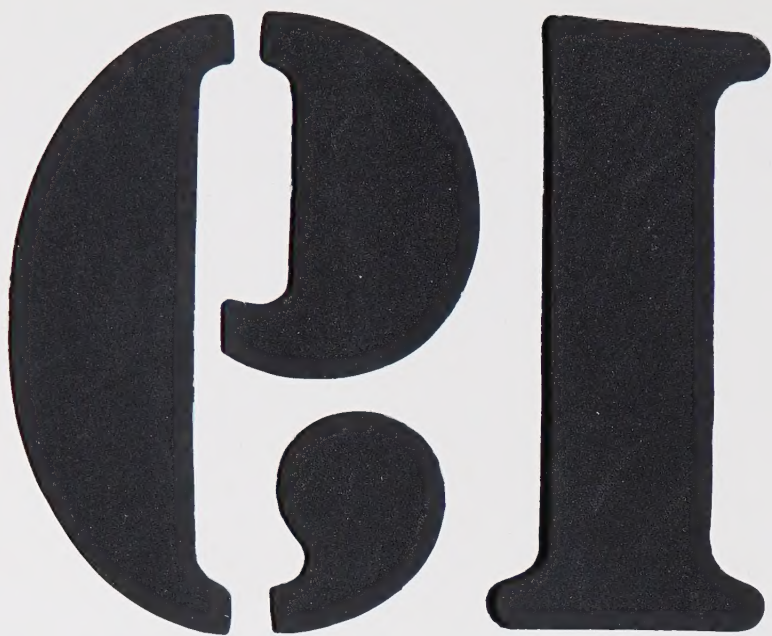


AR24



THOMSON NEWSPAPERS LIMITED 1973 ANNUAL REPORT





CONTENTS

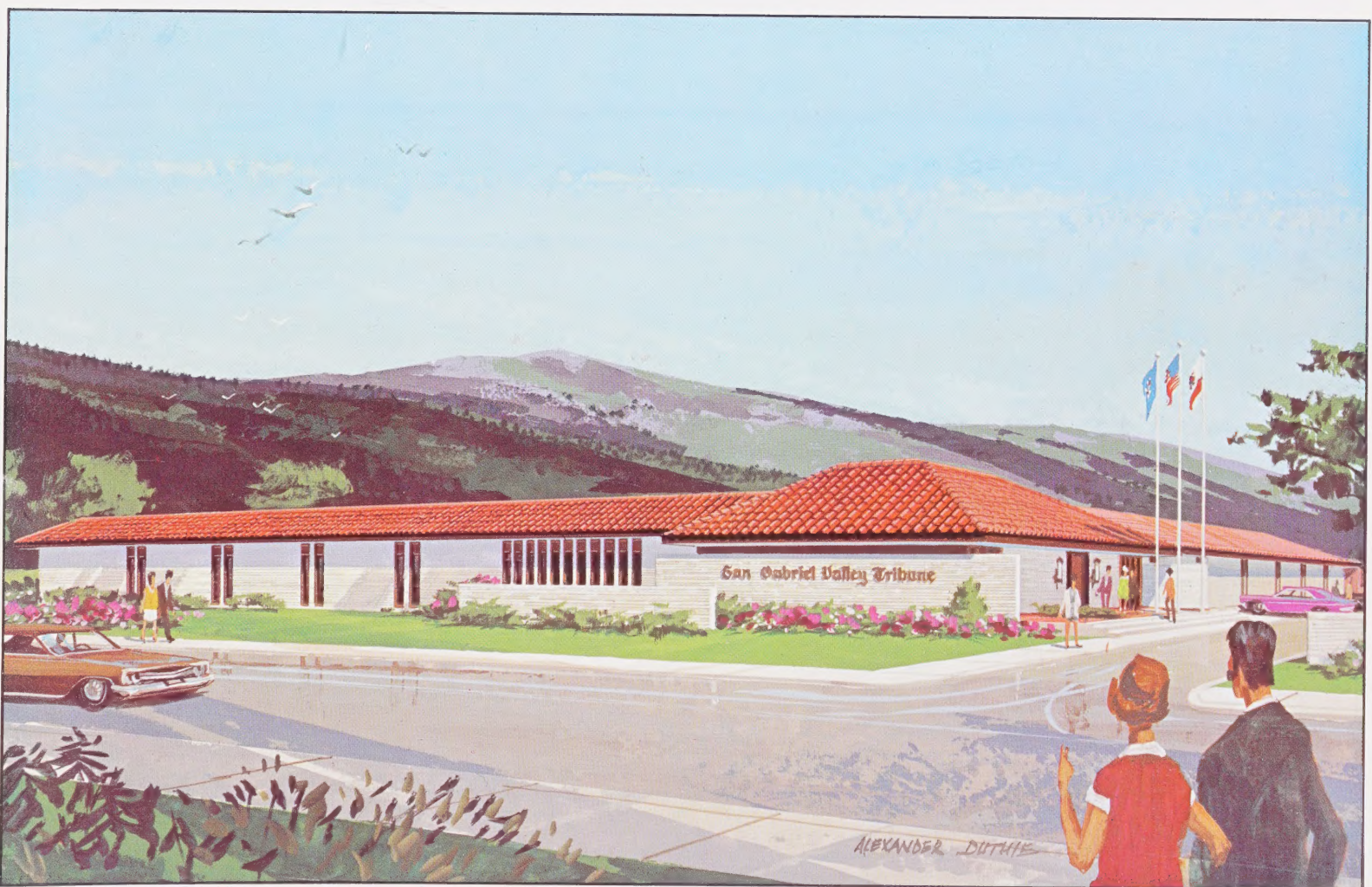
Page

Newspaper locations	
Canada	2
United States	3
Officers and directors	4
Financial highlights	4
Report of the directors	5
Consolidated Balance Sheet	6-7
Consolidated Statement of Income	8
Consolidated Statement of Retained Earnings	8
Consolidated Statement of Source and Application of Funds	9
Notes to Consolidated Financial Statements	10-12
Auditors' Report	12

Illustrated on opposite page:

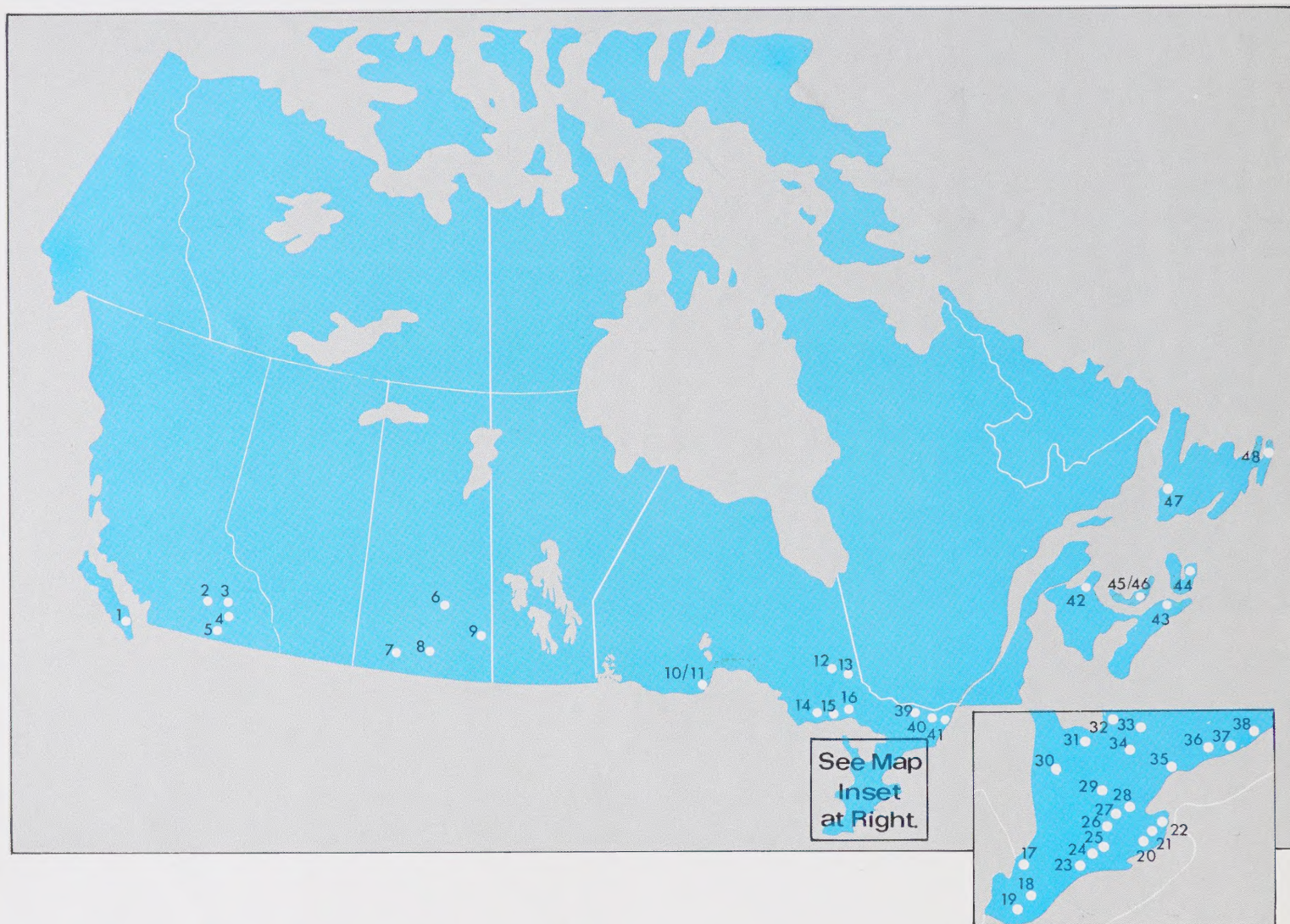
Above, architect's drawing of the new offices and plant now being completed at Kelowna, British Columbia.

Below, architect's drawing of the substantial addition to existing facilities now completed at West Covina, California.



Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES



Thomson Newspapers in Canada:

BRITISH COLUMBIA

Nanaimo Daily Free Press, Nanaimo (1)
Kamloops Daily Sentinel, Kamloops (2)
The News, Vernon (3)
The Kelowna Daily Courier, Kelowna (4)
Penticton Herald, Penticton (5)

SASKATCHEWAN

Prince Albert Daily Herald, Prince Albert (6)
The Sun, Swift Current (7) **
Moose Jaw Times-Herald, Moose Jaw (8)
The Yorkton Enterprise, Yorkton (9) *

ONTARIO

The Times-News, Thunder Bay (10)
The Chronicle-Journal, Thunder Bay (11)
The Daily Press, Timmins (12)
Northern Daily News, Kirkland Lake (13)
The Standard, Elliot Lake (14) *
The Standard, Espanola (15) *
The Sudbury Star, Sudbury (16)
The Sarnia Observer, Sarnia (17)
The Chatham Daily News, Chatham (18)

ONTARIO (cont.)

Leamington Post and News, Leamington (19) *
Dunnville Chronicle, Dunnville (20) *
The Evening Tribune, Welland (21)
Niagara Falls Review, Niagara Falls (22)
St. Thomas Times-Journal, St. Thomas (23)
The Daily Sentinel-Review, Woodstock (24)
The Evening Reporter, Cambridge (25)
The Daily Mercury, Guelph (26)
Georgetown Herald, Georgetown (27) *
The Daily Times, Brampton (28)
The Orangeville Banner, Orangeville (29) *
The Hanover Post, Hanover (30) *
Enterprise-Bulletin, Collingwood (31) *
The Free Press Herald, Midland (32) **
Daily Packet and Times, Orillia (33)
The Barrie Examiner, Barrie (34)
The Oshawa Times, Oshawa (35)
Peterborough Examiner, Peterborough (36)
The Trentonian and Tri-County News, Trenton (37) ©
The Intelligencer, Belleville (38)
The Pembroke Observer, Pembroke (39)

ONTARIO (cont.)

The Arnprior Chronicle, Arnprior (40) *
Standard-Freeholder, Cornwall (41)

NEW BRUNSWICK

The Northern Light, Bathurst (42) *

NOVA SCOTIA

The Evening News, New Glasgow (43)
Cape Breton Post, Sydney (44)

PRINCE EDWARD ISLAND

The Guardian, Charlottetown (45)
The Evening Patriot, Charlottetown (46)

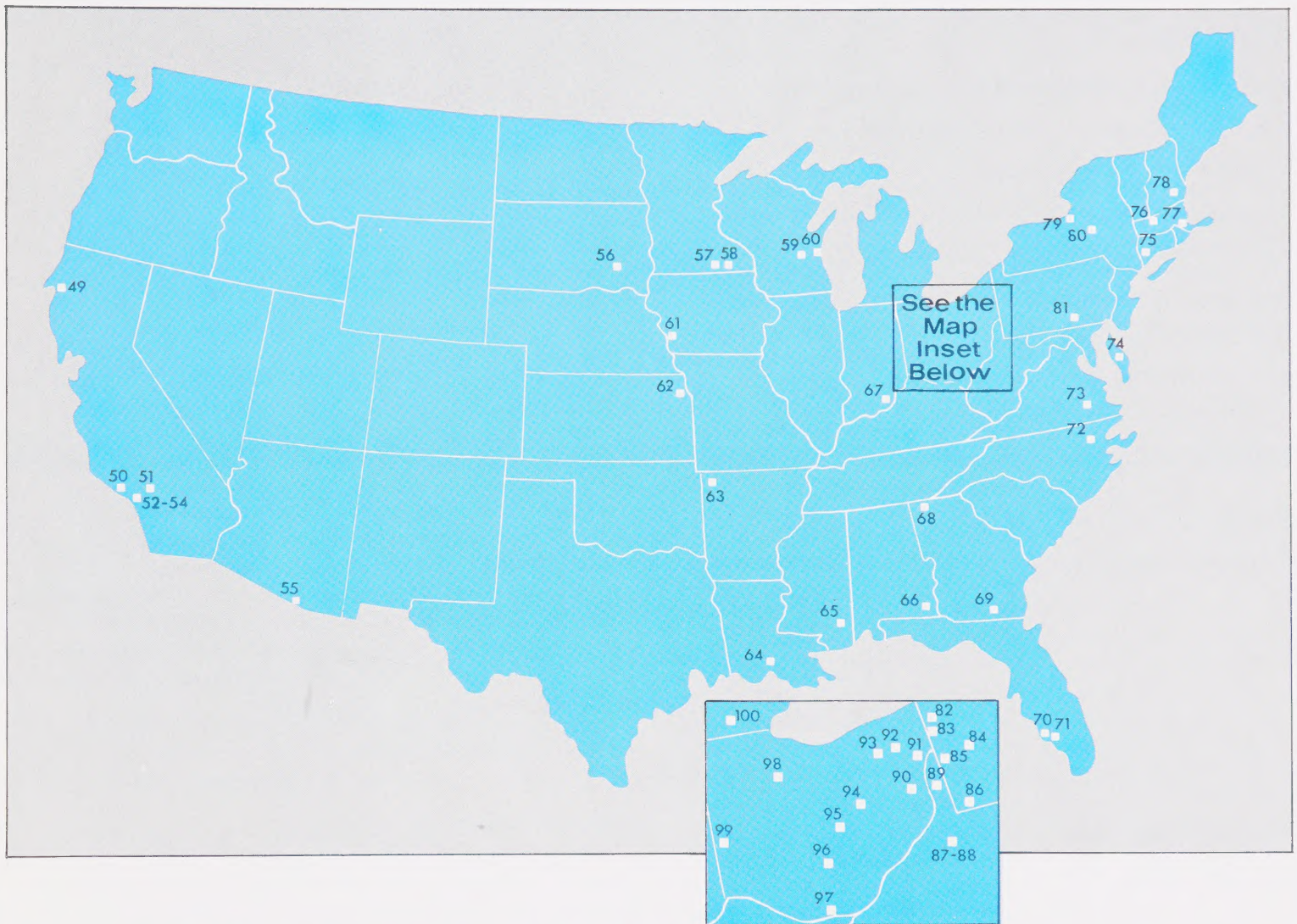
NEWFOUNDLAND

The Western Star, Corner Brook (47)
The Evening Telegram, St. John's (48)

ALL NEWSPAPERS ARE PUBLISHED DAILY
except those marked as follows:
* WEEKLY ** SEMI-WEEKLY © TRI-WEEKLY

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES



Thomson Newspapers in the United States:

ALABAMA

The Dothan Eagle, Dothan (66)•

ARIZONA

The Daily Dispatch, Douglas (55)

ARKANSAS

Northwest Arkansas Times, Fayetteville (63)

CALIFORNIA

The Times-Standard, Eureka (49)•

The Press-Courier, Oxnard (50)•

San Gabriel Valley Daily Tribune, West Covina (51)•

El Monte Herald, El Monte (52)*

La Puente Valley Journal, La Puente (53)*

Rosemead Review, Rosemead (54)*

CONNECTICUT

The Evening Sentinel, Ansonia (75)

FLORIDA

Englewood Herald, Englewood (70)*

The Herald-News, Punta Gorda (71)

GEORGIA

The Daily Citizen-News, Dalton (68)

The Valdosta Daily Times, Valdosta (69)

INDIANA

The Tribune, New Albany (67)•

IOWA

Council Bluffs Nonpareil, Council Bluffs (61)•

KANSAS

The Leavenworth Times, Leavenworth (62)•

LOUISIANA

The Daily Advertiser, Lafayette (64)•

MARYLAND

The Daily Times, Salisbury (74)•

MASSACHUSETTS

The Daily Sentinel and Leominster Enterprise, Fitchburg (76)

Taunton Daily Gazette, Taunton (77)

MICHIGAN

Adrian Daily Telegram, Adrian (100)

MINNESOTA

Austin Daily Herald, Austin (57)•

The Evening Tribune, Albert Lea (56)

MISSISSIPPI

Laurel Leader-Call, Laurel (65)

NEW HAMPSHIRE

The Portsmouth Herald, Portsmouth (78)

NEW YORK

The Evening Telegram, Herkimer (79)

The Palladium-Times, Oswego (80)

NORTH CAROLINA

The Evening Telegram, Rocky Mount (72)•

OHIO

Steubenville Herald-Star, Steubenville (90)

The Evening Review, East Liverpool (91)

The Salem News, Salem (92)

The Canton Repository, Canton (93)•

The Coshocton Tribune, Coshocton (94)•

OHIO (cont.)

The Times Recorder, Zanesville (95)•

Lancaster Eagle-Gazette, Lancaster (96)

The Portsmouth Times, Portsmouth (97)

Greenville Daily Advocate, Greenville (98)

The Marion Star, Marion (99)

PENNSYLVANIA

The Evening Sun, Hanover (81)

The Meadville Tribune, Meadville (82)

The Record-Argus, Greenville (83)

Leader-Times, Kittanning (84)

The Midland News, Midland (85)*

The Valley Independent, Monessen (86)

SOUTH DAKOTA

The Daily Republic, Mitchell (56)

VIRGINIA

The Progress-Index, Petersburg (73)•

WEST VIRGINIA

The Fairmont Times, Fairmont (87)

The Times-West Virginian, Fairmont (88)■

The Weirton Daily Times, Weirton (89)

WISCONSIN

Fond du Lac Reporter, Fond du Lac (59)

Manitowoc Herald-Times-Reporter,

Manitowoc (60)

ALL NEWSPAPERS ARE PUBLISHED DAILY
except those marked as follows:
● DAILY including SUNDAY ■ SUNDAY ONLY * WEEKLY

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

OFFICERS

THE RT. HON. LORD THOMSON OF FLEET, *Honorary Chairman*
 K. R. THOMSON, *Chairman of the Board and President*
 I. H. MACDONALD, *Deputy Chairman*
 ST. CLAIR McCABE, *Executive Vice-President and Managing Director*
 S. F. CHAPMAN, C.A., *Senior Vice-President—Finance*
 MARGARET L. HAMILTON, *Vice-President*
 B. W. SLAIGHT, *General Manager*
 J. J. STEPHENSON, C.A., *Secretary-Treasurer*
 J. A. MELVILLE, *Assistant Secretary-Treasurer*

DIRECTORS

S. F. CHAPMAN, C.A.
 THE HON. W. E. HARRIS, Q.C.
 I. H. MACDONALD
 ST. CLAIR McCABE
 D. C. H. STANLEY
 K. R. THOMSON
 THE RT. HON. LORD THOMSON OF FLEET
 JOHN A. TORY, Q.C.

EXECUTIVE OFFICES

Thomson Newspapers Limited, 65 Queen Street West, Toronto, Canada

Thomson Newspapers Inc., 3150 Des Plaines Avenue, Des Plaines, Illinois

F.C. MILES, General Manager

500 Market Avenue South, Canton, Ohio

D. P. HICKS, Assistant General Manager

1111 North Westshore Boulevard, Tampa, Florida

R. W. ROSSI, Assistant General Manager

Sales Offices: Toronto, Montreal, New York, Chicago, Pittsburgh

TRANSFER AGENT

Montreal Trust Company,

Toronto, Montreal, Vancouver, Calgary, Regina, Winnipeg and Halifax, Canada.

Financial Highlights

	1973	1972
Operating revenue	\$157,205,808	\$139,200,395
Net income		
Before extraordinary items	\$ 25,966,008	\$ 21,405,553
After extraordinary items	\$ 25,966,008	\$ 21,979,941
Common shares outstanding	49,236,372	49,236,372
Net income per common share, after preference dividends (based on the weighted average number of shares outstanding during the year)		
Before extraordinary items	50.9¢	43.0¢
After extraordinary items	50.9¢	44.2¢
Dividends paid		
Preference shares	\$ 904,162	\$ 959,597
Common shares	\$ 9,847,275	\$ 7,776,219
Per common share	20.0¢	16.2¢

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

Report of the Directors

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of your Company as at December 31, 1973, together with the Auditors' Report thereon.

Net income for the year ended December 31, 1973 was \$25,966,008 compared with net income of \$21,405,553 in 1972 before extraordinary income of \$574,388. There were no items of extraordinary income in 1973. Net sales for 1973 were \$157,205,808 compared with \$139,200,395 in 1972.

Net income per common share after deducting dividends on the outstanding 6-3/4% Cumulative Redeemable Preference Shares of the Company was 50.9¢ based on the weighted average number of shares outstanding during 1973 (49,236,372) compared with 1972 net income per common share of 43¢ before extraordinary income and 44.2¢ after extraordinary income based on the weighted average number of shares outstanding during 1972 (47,553,785).

Dividends were paid on the common shares in each of the first two quarters of 1973 at the rate of 4.5¢ per share and in the last two quarters at 5.5¢ per share.

During the year your Company completed the construction of a major addition to its plant at West Covina, California. A new plant at Midland, Ontario was also completed. Construction was commenced on new plants at Kelowna, British Columbia; New Glasgow, Nova Scotia and Oswego, New York and a plant addition at Lafayette, Louisiana. The Oswego plant has already been completed and the others will be completed during the balance of 1974.

During 1973, your Company purchased the building in Prince Albert, Saskatchewan, which it had previously leased. It is proposed to renovate this building and install substantial new equipment during 1974. Your Company now owns all plants in which its daily newspapers in Canada and the United States are published.

During 1974 significant additions to equipment and additions or alterations to buildings will be made in 14 locations in Canada and the United States.

During 1973, daily newspapers were acquired in the United States at Meadville, Kittanning and Greenville, Penn-

sylvania and Douglas, Arizona, and in Canada at Niagara Falls, Ontario. The Quebec Chronicle-Telegraph, a weekly publication, was sold. To date this year, one daily newspaper at St. Thomas, Ontario has been acquired. Your Company now publishes 81 daily and 19 weekly newspapers in Canada and the United States. Aggregate circulation of the daily newspapers is over 1,400,000.

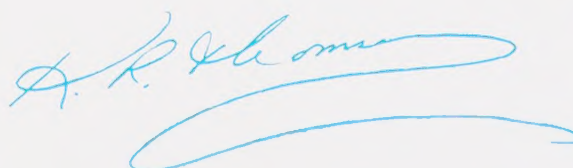
The printing and publishing industry in the United States has now been exempted from the Phase IV Economic Stabilization Program controls and your Company should now be in a position to offset increased costs as they occur.

Your Company anticipates that the results of operations for 1974, especially in the latter half of the year, will continue to show favourable progress.

A general meeting of the shareholders will be held in conjunction with the 1974 annual meeting to consider an amendment to the articles of your Company the effect of which would be to reclassify the common shares as Class A participating shares and to create an equivalent number of Class B participating shares. Both the Class A and Class B shares will carry one vote per share in all circumstances, will be fully inter-convertible on a one for one basis and will rank equally with respect to dividends (except as described in the information circular accompanying the notice of meeting) and on liquidation. The basic distinction between the two classes of shares arises by reason of the different treatment for Canadian income tax purposes of the dividends received by the holders of each class as more fully described in the information circular.

On behalf of the Board of Directors, I would like to express my sincere gratitude to the officers and employees of the Company for their contribution to a successful year.

For the Board of Directors,



President

Consolidated Balance Sheet

(with comparative figures for 1972)

ASSETS

1973

1972

Current assets

Cash and term deposits	\$ 15,352,258	\$ 18,839,705
Trade accounts receivable less allowance for doubtful accounts	18,222,889	16,930,829
Other accounts receivable including payments due within one year on mortgages and notes receivable	466,419	785,839
Inventories, at the lower of cost and replacement cost	2,085,029	1,520,492
Prepaid expenses	532,545	632,172
	<u>36,659,140</u>	<u>38,709,037</u>

Investments and other assets

Mortgages, notes receivable, sundry investments and deferred expenses	4,602,079	1,575,088
Life insurance, cash surrender value	285,715	310,309
	<u>4,887,794</u>	<u>1,885,397</u>

Fixed assets (note 2)

Land	7,464,784	7,208,242
Buildings, machinery and equipment	97,613,450	95,104,789
	<u>105,078,234</u>	<u>102,313,031</u>
Less accumulated depreciation	50,692,218	48,714,087
	<u>54,386,016</u>	<u>53,598,944</u>

Publishing rights and goodwill, at cost (note 3)	<u>116,416,068</u>	<u>108,262,080</u>
	<u>\$212,349,018</u>	<u>\$202,455,458</u>

Approved by the Board

St. Clair McCabe, Director

S. F. Chapman, Director

Sheet - December 31, 1973

(Figures for 1972)

LIABILITIES

	1973	1972
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,396,598	\$ 7,104,270
Income and other taxes payable	4,479,994	4,683,571
Principal due within one year on long-term debt	5,381,267	5,399,186
Payable to affiliated companies	1,344,952	
Prepaid subscriptions	1,593,307	1,367,178
	<u>20,196,118</u>	<u>18,554,205</u>
Long-term debt (note 4)	32,208,333	34,712,391
Deferred income taxes and other liabilities	3,154,998	2,249,707
Payable to parent company, The Woodbridge Company Limited, and other affiliated companies		3,628,240
Interest of minority common shareholders of subsidiary companies	396,812	325,245

SHAREHOLDERS' EQUITY

Capital stock (note 5)		
Authorized		
563,750 Preference shares with a par value of \$50 each, issuable in series (1972 — 579,075 shares)		
90,000,000 Common shares without par value		
Issued		
263,750 6-3/4% Cumulative redeemable preference shares, series A (1972 — 279,075 shares)	13,187,500	13,953,750
49,236,372 Common shares (1972 — 49,236,372 shares as subdivided)	54,208,420	54,208,420
	<u>67,395,920</u>	<u>68,162,170</u>
Retained earnings	86,003,763	70,789,192
Excess of appraised value of fixed assets over depreciated cost, net (note 6)	2,993,074	4,034,308
	<u>156,392,757</u>	<u>142,985,670</u>
	<u>\$212,349,018</u>	<u>\$202,455,458</u>

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

Consolidated Statement of Income

Year ended December 31, 1973 (with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Operating revenue	\$157,205,808	\$139,200,395
Costs and operating expenses	100,120,467	89,107,499
Income from operations	57,085,341	50,092,896
Income from investments	1,027,255	723,805
	58,112,596	50,816,701
Depreciation	5,275,766	4,947,717
Interest on long-term debt	2,051,877	3,042,578
	7,327,643	7,990,295
Income before undernoted items	50,784,953	42,826,406
Income taxes — current	24,075,152	20,966,835
— deferred	672,226	394,418
	24,747,378	21,361,253
	26,037,575	21,465,153
Interest of minority shareholders	71,567	59,600
Income before extraordinary item	25,966,008	21,405,553
Profit on sale of investments		574,388
Net income for the year	<u>\$ 25,966,008</u>	<u>\$ 21,979,941</u>
Earnings per common share (note 11)		

Consolidated Statement of Retained Earnings

Year ended December 31, 1973 (with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Balance at beginning of year	\$ 70,789,192	\$ 57,730,665
Net income for the year	25,966,008	21,979,941
	96,755,200	79,710,606
Deduct		
Dividends paid on		
Preference shares	904,162	959,597
Common shares	9,847,275	7,776,219
Financing costs		185,598
	10,751,437	8,921,414
Balance at end of year	<u>\$ 86,003,763</u>	<u>\$ 70,789,192</u>

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1973 (with comparative figures for 1972)

	1973	1972
Source of funds		
Operations		
Net income for the year	\$25,966,008	25,400,000
Add items not involving a current outlay of funds		
Depreciation	5,275,766	4,904,757
Deferred income taxes	672,226	1,000,000
Interest of minority shareholders in net income of subsidiary companies	71,567	1,000,000
	31,985,567	32,304,757
Proceeds from disposal of fixed assets including insurance	1,477,524	7,000,000
Increase in non-current liabilities		
Long-term debt	3,586,668	4,000,000
Deferred liabilities	233,065	1,000,000
Payable to parent company, The Woodbridge Company Limited, and other affiliated companies		7,000,000
Issue of common shares		24,966,000
Reduction in investments and other assets		1,449,692
	37,282,824	73,710,449
Application of funds		
Reduction in non-current liabilities		
Long-term debt	6,090,726	30,947,793
Payable to parent company, The Woodbridge Company Limited, and other affiliated companies	3,628,240	
Additions to non-current assets		
Investments and other assets	3,014,860	
Fixed assets	8,569,133	
Publishing rights and goodwill, net	8,153,988	1,483,84
Dividends paid on		
Preference shares	904,162	150,000
Common shares	9,847,275	776,21
Preference shares purchased for cancellation	766,250	
	40,974,634	31,000,000
Increase (decrease) in working capital	(3,691,810)	
Working capital at beginning of year	20,154,832	16,011,240
Working capital at end of year	16,463,022	20,154,832

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

NOTES to Consolidated Financial Statements

Year ended December 31, 1973

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies as follows:

Canadian subsidiary companies

Canadian Newspapers Company Limited, Niagara Falls Publishing Company Limited, (acquired November 15, 1973), The Northern Light Limited, Ontario Newspapers Company Limited, Patriot Publishing Company, Post Publishing Company, Limited, St. John's Publishing Company Limited, Scotia Printers Limited, Thomson B.C. Newspapers Limited, Western Publishers Limited and Western Printing and Publishing Limited.

Quebec Newspapers Limited was sold on October 1, 1973.

United States subsidiary companies

Douglas Dispatch Inc., (acquired June 30, 1973), Greenville Newspapers Inc., (incorporated in 1973), Humboldt Newspapers, Inc., The Independent, Inc., Oxnard Publishing Company, The Punta Gorda Herald Inc., The Record-Argus Inc., (acquired October 5, 1973), Rocky Mount Publishing Co., San Gabriel Valley Tribune, Inc., Simpsons' Publishing Company, (acquired June 30, 1973), Thomson-Brush-Moore Newspapers, Inc., Thomson Newspapers (Pennsylvania) Inc., (incorporated in 1973), Thomson Newspaper Publishing Company, Inc., Thomson Newspapers Inc., Thomson Newspapers (New Hampshire) Inc., Thomson Newspapers (Ohio) Inc., Thomson Newspapers (Wisconsin) Inc., The Tribune Publishing Company of Meadville, Pa., Inc., (acquired January 31, 1973) and William Reed & Sons' Company.

The Reporter Printing Company was merged with Thomson Newspapers (Wisconsin) Inc., on May 31, 1973.

The accounts of the subsidiary companies in the United States have been translated into Canadian dollars on the following basis:

- (a) current assets and current liabilities, at the exchange rate prevailing at the balance sheet date,
- (b) all other assets and liabilities of subsidiary companies acquired, at the rate prevailing at the date of acquisition of such subsidiary companies,
- (c) all other assets and liabilities, at the rate prevailing at the date the assets were acquired or the liabilities incurred,
- (d) income and expenses, at the average rate for the year except for depreciation which is based on the cost of fixed assets as translated at the rate prevailing at the date of acquisition and income tax, to the extent of the unpaid balance, which is at the rate prevailing at the balance sheet date.

The earnings of subsidiary companies acquired during the year, using the purchase accounting method, have been included from the respective dates of acquisition.

2. FIXED ASSETS

Fixed assets are stated at cost except the following fixed assets which are stated at depreciated replacement values in accordance with the reports of Cooper Appraisals Limited: the fixed assets owned at June 30, 1955 and the fixed assets acquired at August 8, 1955 used in connection with the publication of The Sudbury Star (appraisal June 30, 1955); the fixed assets, at date of acquisition, of newspapers acquired from October 1, 1955 to June 30, 1960 (appraisal June 30, 1960); certain fixed assets located at Thunder Bay, Ontario (appraisal August 31, 1965)

3. PUBLISHING RIGHTS AND GOODWILL

Publishing rights and goodwill represent principally the excess of the purchase price of newspaper businesses over the cost of the net tangible assets acquired at the date of acquisition. No write-off or amortization has been recorded in the accounts since, in the opinion of management, there has been no diminution in the value of publishing rights and goodwill

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

NOTES to Consolidated Financial Statements

Year ended December 31, 1973

4. LONG-TERM DEBT

	1973	1972
Thomson Newspapers Limited and Canadian subsidiary companies		
First mortgage bonds		
5% sinking fund bonds, 1955 series, due October 1, 1975, annual sinking fund \$250,000	\$ 1,603,500	\$ 1,958,000
6% sinking fund bonds, 1960 series, due November 1, 1980, annual sinking fund \$150,000	1,862,000	2,106,000
Miscellaneous notes and mortgages payable		7,000
	<u>3,465,500</u>	<u>4,071,000</u>
Thomson Newspapers Inc. and subsidiary companies		
Notes payable		
4% promissory notes payable U.S. \$1,800,000 semi-annually to December 11, 1977 (secured by a pledge of all the shares of Thomson-Brush-Moore Newspapers, Inc.,) (U.S. \$14,400,000)	15,556,464	19,445,580
6-3/4% promissory notes payable annually to May 1, 1987 as follows:		
1974-76 U.S. \$812,500; 1977-79 U.S. \$875,000; 1980-84 U.S. \$937,500 and 1985-87 U.S. \$1,000,000; (U.S. \$12,750,000)	13,758,780	14,568,120
Miscellaneous notes and mortgages payable (U.S. \$5,064,233)	5,182,036	2,465,105
	<u>34,497,280</u>	<u>36,478,805</u>
	37,962,780	40,549,805
Less principal due within one year included in current liabilities (at current rate of exchange \$5,381,267)	5,754,447	5,837,414
	<u>\$32,208,333</u>	<u>\$34,712,391</u>

5. CAPITAL STOCK

The company has issued preference shares which are designated as 6-3/4% cumulative redeemable preference shares, series A, redeemable on or after December 15, 1977 at \$51 per share.

The company is obliged, in each calendar year, to purchase for cancellation \$300,000 aggregate par value of series A preference shares in the market (if obtainable) at a price not exceeding the amount paid up thereon plus accrued dividends and costs of purchase.

During 1973, 15,325 preference shares, having an aggregate par value of \$766,250 were purchased for cancellation.

6. EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST, net

	1973	1972
Balance at beginning of year	\$ 4,034,308	\$ 4,375,324
Deduct:		
Transfer to accumulated depreciation, representing depreciation adjustment on appraisal increase	156,503	341,016
Adjustment re sale of Quebec Newspapers Limited and other assets sold and abandoned	884,731	
	<u>1,041,234</u>	<u>341,016</u>
Balance at end of year	<u>\$ 2,993,074</u>	<u>\$ 4,034,308</u>

7. DIVIDEND RESTRICTIONS

Provisions restricting the payment of dividends by the company are contained in the guarantees endorsed on the 6-3/4% promissory notes due May 1, 1987 of Thomson Newspapers Inc. Similar provisions are contained in the conditions attaching to the outstanding preference shares of the company. The most restrictive of these provisions is that the company may not pay dividends if such payment would reduce the consolidated net current assets (as defined) of the company and certain of its subsidiaries below the sum of \$2,000,000. The consolidated net current assets (as defined) of the company and such subsidiaries at December 31, 1973 exceeded \$9,000,000.

Thomson Newspapers Limited

AND SUBSIDIARY COMPANIES

NOTES to Consolidated Financial Statements

Year ended December 31, 1973

8. UNFUNDED PENSION OBLIGATIONS

Thomson-Brush-Moore Newspapers, Inc. and certain of its subsidiary companies have two unfunded voluntary pension plans. At November 1, 1970, the actuarial deficiency of one plan amounted to approximately \$1,600,000 and the annual contribution requirement over the period of thirty-seven years from that date amounts to \$129,900. The second plan at December 31, 1971 had an actuarial deficiency of approximately \$125,000 and the annual contribution requirement over the period of forty years from that date amounts to \$6,700. The company charges the annual contribution requirement against income thereby recording a liability against which the amounts paid to retired employees are charged.

Certain other subsidiary companies have funded pension plans which, based on the most recent actuarial reports, had actuarial deficiencies aggregating approximately \$923,000 which are being amortized over periods up to forty years. The annual contribution requirements total approximately \$20,000.

Thomson Newspapers Limited has an unfunded pension plan for senior officers. At December 31, 1973 the actuarial deficiency of the plan amounted to approximately \$175,000 and the annual contribution requirement over the period of eight years amounts to \$36,000.

9. LONG-TERM LEASE

The company leases office and storage space in a building at 65 Queen Street West, Toronto, for a term expiring in 2001 at an annual rental of approximately \$309,000. Rentals under subleases contracted to date for varying terms up to ten years, covering space not occupied by the company, aggregate approximately \$133,000 per annum.

10. OTHER STATUTORY INFORMATION

The direct remuneration of directors and senior officers for 1973 amounts to \$689,680 (1972 - \$511,243).

11. EARNINGS PER COMMON SHARE

	1973	1972
Income before extraordinary item	50.9¢	43.0¢
Net income for the year	50.9¢	44.2¢

The earnings per common share are based on the weighted average number of shares outstanding (1973 - 49,236,372; 1972 - 47,553,785) and are after deducting dividends paid on the outstanding 6-3/4% preference shares.

Auditors' Report

To the Shareholders of
Thomson Newspapers Limited

We have examined the consolidated balance sheet of Thomson Newspapers Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination of Thomson Newspapers Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For those subsidiaries of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to rely on the reports of the other auditors for purposes of consolidation.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 15, 1974

THORNE GUNN & CO.
Chartered Accountants



THOMSON NEWSPAPERS LIMITED